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DIRECTORATE OF INTELLIGENCE

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The Tokyo Summit: How It Will Affect Japanese Policy

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Summary

Tokyo's early start in making preparations to host next year's Economic Summit suggests Prime Minister Nakasone will push the government hard to adopt policies that will ensure a smooth meeting. The Prime Minister's visit to Paris this month was in part to convince President Mitterrand to withdraw his threat to boycott the Tokyo meeting. Nakasone's term expires soon after the Summit. His desire to leave his mark on Japan's foreign policy, to choose his successor, and to remain a force behind the scene all give him incentives to press for Japanese initiatives that enhance his own political legacy as well as his role at the Summit.

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There are ample reasons for the Japanese to worry about the outcome of the 1986 Tokyo Summit. The failure to reach agreement on a date for a new trade round, contention about SDI, and other difficult issues at the Bonn Economic Summit have put Tokyo under considerable pressure to ensure the next meeting's success. Furthermore, two new concerns surfaced in the wake of Bonn: French President Mitterrand's threat not to attend and a sense in the Foreign Ministry that Japan barely escaped major criticism for its trade practices this year. The chance that a less favorable world economic situation in 1985-86 could exacerbate Japan's problem as the target of trade-related complaints makes Tokyo all the more worried about its pivotal role and vulnerability as host next year.

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Nakasone's Equities

For the time being, Nakasone can approach Summit preparations from a position of domestic political strength. He has the highest popularity rating in recent history and has managed to keep his critics in the ruling party at bay. The Prime Minister's term expires in late 1986, and he clearly hopes to mark the end of his formal role in foreign affairs with a smooth Summit. Throughout his tenure he has depended heavily on the good reviews earned by his political performance as an equal with other Western leaders to enhance his image at home. Moreover, we do not believe Nakasone sees himself as a lame duck. He wants a major role in choosing his successor during the Liberal Democratic Party (LDP) presidential election next fall. If he can play a kingmaker's role, it would extend his political power behind the scenes and perhaps offer him the opportunity to run again for office of Prime Minister in the future.

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There also is speculation, and some nervousness on the part of his aspiring successors, about a move next year to change the LDP internal rules to enable Nakasone to serve a third consecutive term. Given the array of contenders in the party already vying for the prime ministership, that would require Nakasone to have considerable leverage--in terms of support from the other faction leaders--that is not now evident. But other things being equal, he could envision a highly regarded Summit as a way to create the right atmosphere for a run at a third term.

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Even if Nakasone does not harbor hopes of a third term, he would still, in our view, be concerned about the risks of a

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failed meeting next year. Although a successful Summit would probably not ensure fulfillment of his personal ambitions, a meeting on Japan's turf that was regarded as a "failure" or one that singled out Tokyo for highly publicized criticism over trade practices could hurt him badly. As a consequence, he may believe that he must strike policy bargains on issues that he judges as possible pitfalls for Japan, and himself, at the meeting. In sum, we think Nakasone has a larger than normal stake in making an early effort, including possible concessions on contentious policy issues, to prepare the way for the 1986 Summit.

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What Will Matter Most?

We believe that several factors impinge on Japanese perceptions of what they must do to ensure a successful Summit. Most important, how Tokyo prepares for the Summit will depend directly on the state of US-Japan relations in the months before the meeting. If trade frictions abate in 1985, the Japanese almost certainly will believe they have greater maneuvering room. That judgment could well bring Tokyo to turn more attention to the views of the West Europeans, to seek some balance in its approach to issues dividing the United States and the EC, and to put some political distance between Tokyo and Washington on other topics where Japan historically has been viewed as a mouthpiece for the United States.

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As a case in point, Nakasone has already sympathized with Mitterrand's concern over the inclusion of agriculture in a new round of multilateral trade negotiations. Tokyo could continue to side with Washington in calling for a new trade round, but deemphasize agricultural products in its support for negotiations to score some points with the Europeans. In an effort to defuse protectionist sentiment in Western Europe, Japan has already decided to purchase three French helicopters for use by heads of state at the Summit and begun exploring joint projects with the Europeans in areas such as communication satellites. The Japanese also could choose to stop short of fully supporting SDI until the Europeans reach a consensus on the issue. Tokyo has acted similarly before because of its perennial concern over being out in front of the NATO Allies on troublesome issues. This approach could also perhaps help Tokyo win some European backing for global limits on intermediate nuclear forces, one of Japan's key policy objectives to impede the shift of Soviet SS-20s from west to east.

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In the event trade frictions with the United States remain prominent or intensify, Japanese fear of retaliatory measures could produce more forthcoming trade policy initiatives. The threat of protectionism in the United States--as well as in Europe--has proven to be a lever on Japan. Still, we believe it is too soon for Nakasone to effectively use the possibility of high-level complaints at the Summit to prompt the bureaucracy to set out an ambitious program to liberalize trade practices over the medium term. Rather, in our view, the Japanese will try in the next several months to give enough on an ad hoc basis to be "responsive" to selected demands by Summit participants. Tokyo may offer further "gifts" next spring, when it calculates such steps would have an immediate positive impact on the atmosphere, and correspondingly diminish its risks at the Summit.

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Japan's experience with the political byplay at previous Summits also will probably reinforce the expectation that other participants will work at making the meeting a success. In particular, Tokyo will count on Washington--whatever the bilateral problems at the time--to play a leadership role in dampening overt criticism of its Japanese ally.

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Forecasts for the world economy will be another major factor shaping Tokyo's behavior. Some Japanese officials have worried that an economic slowdown in the United States could prompt Washington to press Tokyo to take up the slack--a tactic used at the Summit in 1978, when Tokyo and West Germany were singled out to serve that role. We doubt Tokyo currently expects such an initiative, but Nakasone may be hypersensitive on that score. He has never been noted for his skill in economic management, and although he has strongly opposed stimulating domestic demand, some of his political rivals have been advocating such growth-oriented programs.

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Outlook

Tokyo will look hard in the coming months for issues on which it can offer support in return for US help. Past Japanese performance suggests that Tokyo will try to deflect attention

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from contentious economic issues as the Summit approaches by playing up its broader cooperation in other areas. As they have done before, the Japanese may well announce plans to step up economic assistance to areas deemed strategic by Washington, such as Thailand, Pakistan, and the Caribbean Basin, or to provide more visible support for Western efforts to combat terrorism. Tokyo could point to its call on Iran and Syria to use their influence to help secure release of the TWA hostages. The Japanese could even give more prominent official support to SDI, although we believe this unlikely unless at least one of the West Europeans breaks ranks and provides its endorsement.

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Since the first Summit meeting in Rambouillet in 1975, which symbolized for the Japanese their debut as a major ally and co-equal with Western Europe, Tokyo has considered its participation in the Economic Summits critical to its international prestige. The Tokyo Summit is even more important for Nakasone, given his political agenda for the coming year, and for both reasons, we believe Washington will have added leverage on Tokyo in the months ahead. As a result, Nakasone and some bureaucrats may call for initiatives that would decrease Tokyo's vulnerabilities next spring, but we expect elements of the bureaucracy with close ties to strong domestic interest groups will not easily abandon resistance to trade concessions that could damage their constituents.

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